

Book	Policy Manual
Section	6000 Finances
Title	Copy of FUND BALANCE ok CP
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6235 - FUND BALANCE

The Board places the responsibility of administering the budget, once adopted, with the District Administrator. The District Administrator shall monitor the Fund 10 fund balance and shall report the balance to the Board at the end of each budget year. The Fund 10 fund balance shall be maintained at a level sufficient to:

- A. minimize or avoid short-term borrowing for cash flow purposes;
- B. cover unforeseen expenditure needs or unrealized revenue sources; and
- C. demonstrate financial stability to preserve or enhance the District's bond rating, thereby lowering debt issuance costs.

The Board will reserve adequate funds to maintain a secure financial position. The use of Fund Balance for recurring costs is discouraged.

The fund 10 fund balance shall not fall below 10% of the preceding year's Fund 10 expenditures.

Any under-budget account balances in a given fiscal year will be added to the District fund balance. Budget preparation and management shall adhere to this fund balance expectation. For the purposes of the District's self-funded insurance plan, the District will maintain a committed fund balance of up to 25% of expected annual self-funded insurance expenditures.

Fund balances will be reported in the categories established by the Government Accounting Standards Board Statement 54 (GASB 54) and in consultation with District auditors and the ~~Chief Finance and Business Services Officer~~ Assistant Superintendent of Operations. The Board will impose constraints on any funds placed in the committed and assigned classifications through consultation with the District's auditor and ~~Chief Finance and Business Services Officer~~ Assistant Superintendent of Operations. The applicable categories for fund balance designations are:

- A. **Nonspendable Fund Balance** - amounts that cannot be spent because they are either (a) not in a spendable form (which includes items that are not expected to be converted to cash – e.g., inventories or prepaid amounts) or (b) legally or contractually required to be maintained intact (e.g., the corpus of an endowment fund).
- B. **Restricted Fund Balance** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- C. **Committed Fund Balance** - amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- D. **Assigned Fund Balance** - amounts the Board *intends* to use for a specific purpose but are neither restricted nor committed; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- E. **Unassigned Fund Balance** - amounts that are available for any purpose; these amounts are reported only in the general fund.

Use of the general fund balance shall be restricted to one-time expenses approved by the Board as a result of a District initiative or unforeseen costs. The general fund balances shall not be designated for any recurring costs in the operating budget. If, during the fiscal year, it appears to the District Administrator that the fund balance will be less than estimated, the District Administrator will bring forward for Board consideration recommendations that will protect the fund balances. Such recommendations shall be in accordance with the requirements of the law.

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